

Comparative Analysis of Total Corporate Disclosure of Selected IT Companies of India

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ABSTRACT

Disclosure is a process through which a business enterprise communicates with external parties. A corporate disclosure is communication of financial and non-financial information of the activities of a business enterprise to the interested entities. Corporate disclosure is done through publishing annual reports. So corporate disclosure through annual reports plays a vital role in the life of all the companies and provides valuable information to investors. The basic objectives of corporate disclosure is to give a true and fair view of companies to the parties related either directly or indirectly like owner, government, creditors, shareholders etc. in the companies act, provisions have been made about mandatory and voluntary disclosure. The IT sector in India is rapidly growing, the trend to invest in the IT sector is rising and employment opportunities in IT sectors are also increasing. Therefore the IT sector is expected to have fair, full and adequate disclosure of all information. Unfair and incomplete disclosure may adversely affect the entire economy. A research study on disclosure practices of IT companies could play an important role in this regard. Hence, the present research study has been done to study and review comparative analysis of total corporate disclosure of selected IT companies of India and to put forward overall findings and suggestions with a view to increase disclosure score of these companies. The researcher hopes that the present research study will be helpful to all selected Companies for improving level of corporate disclosure through annual reports as well as the government, creditors, investors, all business organizations and upcoming researcher for comparative analyses of level of corporate disclosure with special reference to selected IT companies.

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KEYWORDS: Corporate, corporate disclosure, annual reports

INTRODUCTION

In the new environmental context, corporate governance is no longer a luxury but a necessity. There is a gap between precept and practice of corporate governance. Manifold regulations, lack of concern for society, feudal mindset, a sense of insecurities and greed are some of the reasons for this. To bridge this gap we need to do something like CORPORATE GOVERNANCE. It is a system from which companies achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers with legal and regulatory requirements. Corporate governance is a current media peak in India and also in the whole world. The new model of corporate governance is in tune with changing times, in keeping with the demand for greater answerability

of companies to shareholders and customers, economic liberalization and deregulation of industry and business and other factors. Corporate managers and other authorities have variously defined the concept that corporate governance broadly refers to the relationship among the owners, directors and managers. Corporate disclosure is a part of Corporate Governance. Corporate disclosure means to commune company performance and governance to outside investors. By disclosing financial reports to public companies can give information to the investors and potential investors. it is not only helpful to the investors but to other people.

Objective of the study

1. To study a brief profile of Wipro company.

2. To study the quantitative disclosure score of Wipro company.
3. To present overall findings and suggestions with a view to improve the corporate disclosure score of all selected companies of India.

Reviews of Literatures

1. Dr. Sanjeeb Kumar Dey (2018)

CSR plays the key role in the growth of the nation. The author has basically tried to suggest various CSR practices should be taken into consideration by the Companies and that the selection of disclosure patterns may be in relation to culture, competitive environment and socio economic factors in which a company operates.

2. Sandhu (2019)

Sandhu evaluates the association between the board composition of corporate governance and its impact on corporate disclosures over the web. Methodology using the content analysis of 140 Indian companies listed on Bombay stock exchange. The variables used

in the study were board composition, audit committee characteristics and four control variables i.e. firm size, leverage, profitability and industry type. Regression analysis was used to analyze the data. It was found that large size, lesser family members, and audit committee characteristics influenced the significant impact of disclosure on the internet. It was observed that board and ownership structure would have made this study better in terms of understanding the impact of mechanisms on corporate internet reporting.

Total Disclosure Scores of Selected IT companies:-

The researcher has calculated mandatory and voluntary quantitative and qualitative disclosure scores of every selected IT companies. Now the researcher has made an attempt to calculate total mandatory and voluntary corporate disclosure scores of all selected companies for the selected time period as below.

Table -1 Total Disclosure Scores of Selected Information Technology Companies

SR. No.	Name of the companies	Total Mandatory Quantitative and Qualitative Disclosure Score (out of 371)	Total Voluntary Quantitative and Qualitative Disclosure Score (out of 280)
1.	Wipro Ltd	257	186
2.	Tata Consultancy Services Ltd	235	196
3.	HCL Technology Ltd	244	208
4.	Infosys Ltd	228	204
5.	Tech Mahindra Ltd	225	199
	Total	1189/1855	993/1400

Source: - Annual Report

If quantitative (financial) and qualitative (non-financial) disclosures are combined, the result shows the overall picture of each Information Technology Company. Table -1 show the total score of selected Information Technology Companies for Corporate Disclosure Index. As per the table, overall CDI scores of total mandatory corporate disclosures and total voluntary corporate disclosures are 63.37% with 2351 points out of 3710 points and 71.5% with 2002 points out of 2800 points shows and the Information Technology Companies have fulfilled moderate levels of corporate disclosure Index.

➤ ANOVA Applied on Financial and Non-Financial Disclosure (Total Mandatory Scores) during study period

H₀₁: “There is no significant difference in total disclosure among the selected Information Technology Companies of India”

H₀₂: “There is no significant difference in total disclosure scores between mandatory and voluntary disclosure”

Table -1.1 ANOVA ANALYSIS

Source of Variation	Sum of Square (SS)	degree of freedom (DF)	Mean Square (MS)	F	P-value	F Critics Value
Rows	217.375	3	72.4583	2.67127496	0.22053	9.276628
Columns	1953.125	1	1953.125	72.0046	0.0034366	10.12796
Error	81.375	3	27.125			
Total	2251.875	7				

Result: Company wise $F(c) 2.67127496 < F(t) 9.276628$, H₀₁ is accepted and

Year wise: $F(c) 72.0046 > F(t) 10.12796$, H₀₂ is accepted

The above table 1.1 shows the statistical analysis of available data in which, the calculated value of 'F' 2.67127496 is lower than the table value of 'F' 9.276628 of Company wise total disclosure. So H_01 is accepted that there is a significant difference in total disclosure among the selected Information Technology Companies of India.

The calculated value of 'F' 72.0046 is higher than the table value of 'F' 10.12796 of type wise total disclosure. So H_{12} is accepted that there is a significant difference in total disclosure scores between mandatory and voluntary disclosure.

Conclusions

Companies can disclose all information mandatory and voluntary in their annual report. By disclosing this information companies can build trust in their users' minds. Companies are free to disclose all the mandatory and voluntary financial (Quantitative) and non-financial (Qualitative) information. Quantitative (financial) and Qualitative (non-financial) disclosure of selected IT Companies are missing some information. Therefore, such missing information should be provided so that mandatory and voluntary quantitative and qualitative disclosures for all items may reach 100%.

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